



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

October 27, 2015

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: EB-2015-0268 – Submissions of the Vulnerable Energy Consumers Coalition (VECC)

Please find enclosed the submissions of the Vulnerable Energy Consumers Coalition (VECC) with respect to the above-noted proceeding.

We apologize for this late submission based on a misreading of the Notice by our inadvertence (and aging eyesight).

Thank you.

Yours truly,

A handwritten signature in black ink, appearing to be 'Michael Janigan', written in a cursive style.

Michael Janigan
Counsel for VECC

**NOTICE OF PROPOSAL TO AMEND A CODE AND TO AMEND A RULE
PROPOSED AMENDMENTS TO THE ELECTRICITY RETAILER CODE OF
CONDUCT, THE CODE OF CONDUCT FOR GAS MARKETERS, THE RETAIL
SETTLEMENT CODE AND THE GAS DISTRIBUTION ACCESS RULE**

Submissions of the Vulnerable Energy Consumers Coalition

Overview

1. The Public Interest Advocacy Centre providing services to vulnerable consumers represented by organizations such as the Vulnerable Energy Consumer's Coalition (VECC) has been engaged in the policy development and rules associated with the marketing of energy services, in particular the commodity portion of the customer bill since the restructuring of the industry in the early nineties.
2. The objectives behind the opening up of the sale of the energy commodity product to customers outside the monopoly franchise was simply to bring the benefits of competition to bear in these markets with resultant benefits for consumers in the form of lower prices, efficiency and innovation in products and services.
3. While initially the entry of retailers into the natural gas market in particular seemed to promise the achievement of such benefits, it has become apparent that, for low volume residential customers, the restructuring is not achieving these goals.

4. In particular, in Phase 1 of the Board’s ECPA review, a study commissioned by the Board done by Professor Don DeWees, of the Department of Economics of the University of Toronto found that, although the main impetus for consumers in switching his or her commodity supply from the local distribution utility to a retailer was for lower bills, the experience was anything but favourable. As was noted in our submissions in Phase 1 of this review of the ECPA:

“Dr. Dewees research results are confirmatory as to the lack of benefits obtained by retail residential contract holders. For electricity the contract price was well above RPP energy cost in every month –some 72% over five years. The contract was still a bad deal compared to a peak user on RPP by 32%.

For natural gas, a five year contract priced at Energy shop was 180% more than the default price available at the LDC, while a three year contract in the same period would have cost a customer between 90% and 140% more than the default price.”¹

5. We understand that there may be a reluctance to completely shut down energy retailer operations, but why let them continue for low volume Ontario customers? We continue to invest millions of dollars into promulgating and enforcing rules for a commercial practice that is largely parasitic. It is as if the government decided that it would allow the proliferation and legal practice of three card monte provided that each participant was adequately warned of the unlikely prospect of winning. It is not as if the government is attempting to control some popular activity :

¹ VECC submission p.6-7

“It is difficult to find anything favourable to the retail business in the metrics associated with customer satisfaction used in the Dewees materials. Aside from the dramatic decreases in retail customers of energy overall, 17% of contracts were cancelled within 10 days in 2013 and less than 40% of signed contracts flow commodity as per 2012 and 2013 results. Contract renewals in electricity and natural gas are below 50%. A reasonable supposition from these figures is that information is being received by residential customers that is contrary to the reality of the retail experience. This is also borne out by the fact that over 60% of former contract holders for energy were dissatisfied primarily as a result of the cost of the contract. While the decline in the number of retail customers shows a cause and effect, there must still be some contrary source of favourable news about this product that is percolating through to new or renewed contract holders.”²

6. So , in VECC’s view that if the approach associated with further consumer protection is not to ban retail marketing to low volume consumers, then the sharpening of rules associated with transparency and relief from retailer oppressive conduct is in order in the name of “threat or harm reduction”.

7. We have reviewed the proposed amendments to the Electricity Retailers and the Gas Marketers Code of Conduct and believe they are a step in the right direction in terms of pursuing the strategy of harm reduction as the method of consumer protection. We have a number of minor suggestions

² Ibid, p.7

as to their improvement. We have set them out below referencing the paragraph number in the Electricity Code. The suggestions are equally applicable to the Gas Marketers Code. They are:

3.1 Term of Contract – Five years is far too long to lock consumers into a contract that is almost 100% to be more expensive than contracting supply with the utility. Low volume customers should be bound for a period no longer than 2 years similar to the provisions of the Wireless Code. In addition, low volume customers should be able to cancel the contract within 60 days of it coming into effect. This will at least allow the customer to have some experience with the supply of the energy commodity and the price to be paid for the same.

3.2E Renewal of Contract- There should be no automatic renewal without customer consent. Customers should automatically be switched by retailer notice to utility service upon expiry of the contract if no consent is obtained within 45 days of the contract expiry.

4.6 Price Comparisons – Price Comparisons should be vetted and approved by the Board and include the last five years of information if available.

7.1 Consumer Complaints – The Board number for Consumer Complaints shall also be provided by way of a sticker or magnet capable of being affixed to a furnace or other appliance.

8. We hope these comments are helpful to the Board. Similar to the position expressed in the proceeding documents, we are hopeful that the legislation will ban door to door sales.

RESPECTFULLY Submitted this 27th day of October 2015.

Michael Janigan
Counsel for PIAC/VECC